

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA, AUSTRALIA

To be treated as strictly CONFIDENTIAL and NOT to be published, broadcast or cabled before NOON on MONDAY, 8TH JULY, 1963.

SPECIAL BUSINESS SURVEY NO. 15

SURVEY OF SELECTED LARGE PRIVATE PENSION FUNDS

1955-56 TO 1961-62

This bulletin gives the results of a survey relating to the year 1961-62 of separately constituted private pension funds operated by a small number of large companies or groups of companies. Results of earlier surveys are also included for comparison.

2. In respect of 1955-56 and 1960-61, the Bureau conducted sample surveys of pension and retiring allowance schemes in private businesses subject to pay-roll tax, other than in rural industries and private domestic services. Government airlines and banks were also included where they had established their own funds and did not contribute to the Commonwealth or State superannuation funds, but statutory coal miners' pension funds were excluded. Details were asked for three types of pension and retiring allowance schemes. They were (a) schemes operated through life assurance offices, (b) schemes operated through separately constituted funds, and (c) direct payments of pensions and retiring allowances. There are certain differences in scope and definition between the two surveys.

3. The results of the 1955-56 survey are available in Finance Bulletin No. 47, Part 1 and the 1960-61 survey results were published in the Special Business Survey No. 14. A detailed analysis of the operations of government and semi-governmental superannuation funds is also available each year in Part 1 of the Finance Bulletin. Since January, 1960, the Monthly Bulletin of Australian Life Assurance Statistics has contained some information on the superannuation business of the ordinary departments of life assurance offices.

4. A sample survey of pension and retiring allowance schemes in respect of 1961-62, similar in scope to the sample survey of 1960-61, is at present being conducted by the Bureau. Results of this survey are expected to be published later this year.

5. In the three years 1956-57 to 1958-59 information was collected from a selected number of the larger funds, and for the years 1960-61 and 1961-62 the returns for these selected pension schemes were extracted from the sample surveys and were tabulated in respect only of the business of their separately constituted funds. The private pension funds included in the tabulation of selected large funds for 1961-62 would have accounted, in both 1955-56 and 1960-61, for about 30 per cent. of the income and outlay of the funds covered by the more comprehensive sample surveys and about 36 per cent. of the total assets. Since the survey of selected larger funds is not a representative sample it is not yet known to what extent their share of the whole field has changed since the 1960-61 survey; nor is the pattern of income and expenditure and the percentage asset distribution of the selected larger funds necessarily representative of the whole field.

Income and Expenditure of Private Pension Funds

6. Table 1 shows the income and expenditure of the selected pension funds between 1955-56 and 1961-62, and the corresponding totals for the larger surveys for 1955-56 and 1960-61.

7. The 1961-62 results show a 5% rise in the income and a 15% rise in the expenditure of the selected funds compared with 1960-61. As in most of the earlier years, the largest absolute and relative increase in the items of income occurred in interest, rent and dividends (up £0.8 million, i.e. 15%).

Assets of Private Pension Funds

8. Table 2 shows the composition of the assets in Australia (at book value) of the selected funds at the end of the financial years 1955-56 to 1961-62 or their accounting periods nearest to those years, and the corresponding totals for the sample surveys for 1955-56 and 1960-61. A percentage distribution of the assets of these funds is given in Table 3.

9. With one important exception, the trends noted in previous years in the asset holdings of the selected funds have continued over the latest year. Company shares and debentures (£62.3 million) continued to rise both in absolute amount and as a proportion of total assets, and in 1961-62 accounted for 54% of assets, compared with 52% in 1960-61. In contrast to earlier years, holdings of Commonwealth bonds (£10.5 million) rose, both absolutely and relatively, from 7% of total assets in 1960-61 to 9% in 1961-62. As in previous years, local and semi-government securities (£28.9 million) increased in amount but declined as a proportion of total assets between 1960-61 and 1961-62.

TABLE 1. - INCOME AND EXPENDITURE OF SEPARATELY CONSTITUTED PRIVATE PENSION FUNDS
(£m.)

	Estimated Survey Total (a)		Selected Large Funds					
	1955-56	1960-61	1955-56	1956-57	1957-58	1958-59	1960-61	1961-62
<u>Income</u>								
Contributions -								
employees	5.8	10.2	2.2	2.4	2.7	2.8	3.3	3.5
employers	13.2	20.8	3.7	4.0	4.0	4.2	5.8	6.1
Interest, rent and dividends	6.8	14.6	2.6	3.1	3.7	4.2	5.4	6.2
Other Income (b)	0.7	3.2	0.1	0.1	0.8	0.7	0.8	0.3
<u>TOTAL</u>	26.5	48.8	8.6	9.6	11.2	11.9	15.3	16.1
<u>Expenditure</u>								
Pensions, retiring allowances and refunds	5.9	12.1	1.9	) 2.4	) 2.6	3.0	3.8	4.4
Other outlay (c)	1.1	1.9	..	) 2.4	) 2.6	0.1	0.2	0.2
<u>TOTAL</u>	7.0	14.0	1.9	2.4	2.6	3.1	4.0	4.6
Increase in fund	19.5	34.8	6.7	7.2	8.6	8.8	11.3	11.5

- (a) For each year the amounts shown are in respect only of separately constituted pension funds and are estimated totals for the whole field from which the sample was drawn. Figures in these tables therefore exclude schemes operated through life assurance offices and direct payments of pensions and retiring allowances. See second paragraph of text for description of coverage.
 (b) Includes profit on sale or revaluation of assets.
 (c) Includes loss on sale or revaluation of assets.

TABLE 2. - ASSETS OF SEPARATELY CONSTITUTED PRIVATE PENSION FUNDS

(£m. at book values, at balancing dates in the financial years quoted)

	Estimated Survey Total (a)		Selected Large Funds					
	1955-56	1960-61	1955-56	1956-57	1957-58	1958-59	1960-61	1961-62
Cash and bank balances	13.0	8.7	2.8	2.6	2.6	2.5	3.0	2.3
Commonwealth bonds	51.3	56.3	12.0	12.0	11.3	9.0	7.8	10.5
Local and semi-govt. securities	41.9	63.6	18.8	21.3	24.1	24.8	27.1	28.9
Loans on mortgage	11.7	21.8	6.9	7.7	8.0	8.6	11.3	11.7
Company shares and debentures	39.4	136.9	20.8	24.8	30.9	40.5	54.9	62.3
Other assets (net)	11.0	7.6	0.2	0.4	0.5	0.8	0.7	0.5
<u>TOTAL</u>	168.3	294.9	61.5	68.8	77.4	86.2	104.8	116.2

- (a) See note (a) to Table 1.

TABLE 3. - ASSETS OF SEPARATELY CONSTITUTED PRIVATE PENSION FUNDS

(Percentage distribution at balancing dates in the years quoted)

	Survey (a)		Selected Large Funds					
	1955-56	1960-61	1955-56	1956-57	1957-58	1958-59	1960-61	1961-62
	%	%	%	%	%	%	%	%
Cash and bank balances	8	3	5	4	3	3	3	2
Commonwealth bonds	30	19	19	17	15	10	7	9
Local and semi-govt. securities	25	22	31	31	31	29	26	25
Loans on mortgage	7	7	11	11	10	10	11	10
Company shares and debentures	23	46	34	36	40	47	52	54
Other assets (net)	7	3	..	1	1	1	1	..
<u>TOTAL</u>	100	100	100	100	100	100	100	100

- (a) See note (a) to Table 1.